

**MINUTES OF THE  
SCHERTZ/SEGUIN LOCAL GOVERNMENT CORPORATION**

**THE STATE OF TEXAS                   §  
COUNTY OF GUADALUPE           §**

**SCHERTZ/SEGUIN LOCAL           §  
GOVERNMENT CORPORATION       §**

On this the 21th day of April, 2011, the Schertz/Seguin Local Government Corporation (SSLGC) convened at 1:35 p.m. in the City of Seguin Council Chambers located at 210 E. Gonzales, Seguin, Texas. The following members being present and in attendance:

Ken Greenwald	President
Robin Dwyer	Vice-President
Timothy "Jake" Jacobs	Secretary
Andrew Koenig	Treasurer
Betty Ann Matthies	Ex-Officio
Hal Baldwin	Ex-Officio

and the following director being absent:

Kerry Koehler	Director
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constituting a majority of the persons appointed to the Board and a quorum for the transaction of business, and notice of such meeting having been duly given in accordance with the provisions of Texas law. Also in attendance were:

Alan Cockerell	General Manager
Doug Faseler	City Manager of Seguin
Johnny Bierschwale	Assistant City Manager of Schertz
Susan Caddell	Finance Director of Seguin
Sam Willoughby	Schertz Public Works Director
Patrick Lindner	Legal Counsel (Davidson & Troilo)
Bill Klem	Hydrologist Consultant
John Winkler	Consultant (Walker Partners)
Crockett Camp	Consultant/Project Manager
Larry Verner	Engineer (City of Selma)
Regina Franke	Administrative Assistant

**The first order of business was to Call the Meeting to Order.**

President Ken Greenwald called the meeting to order at 1:35 p.m.

**The second order of business was Public Comment.**

Mayor Hal Baldwin introduced SSLGC's newest board member, Mr. Timothy "Jake" Jacobs. He was selected by the Schertz City Council to replace SSLGC Board Director and Secretary Mr. Jim Wolverton, who recently resigned. Schertz's City Council unanimously approved Mr. Jacobs' appointment at their April 19, 2011 City Council Meeting. Mr. Jacobs is a resident of the City of Schertz, member of the City of Schertz Planning and Zoning Commission, attends City Council Meetings, and owner of Jacob's Ladder Professional Painting Plus.

**The third order of business was Election of Officers – Ken Greenwald, Board President.**

President Greenwald stated that with Mr. Wolverton's resignation the Board had a vacancy in the position of Secretary. He advised the Board that Mr. Jacobs would be pleased fill the vacancy. President Greenwald stated that he would take a motion to elect Mr. Jacobs as Secretary.

**Treasurer Andrew Koenig made a motion to nominate Timothy "Jake" Jacobs as Secretary of SSLGC's Board of Directors. Vice-President Dwyer seconded the motion. Upon a vote being called, the motion carried by unanimous decision.**

SSLGC's slate of officers is as follows: *(the only change being the position of Secretary)*

President	-	Ken Greenwald
Vice-President-		Robin Dwyer
Secretary	-	Timothy "Jake" Jacobs
Treasurer	-	Andrew Koenig

**The fourth order of business was Approval of the Minutes for the Board Meeting held on March 17, 2011.**

**Treasurer Koenig made a motion to approve the March 17, 2011 minutes as read.**

*Before the motion was seconded Vice-President Dwyer requested an amendment/correction to the minutes.*

**Treasurer Koenig amended his motion to approve the March 17, 2011 minutes as amended on Page 9; the tenth order of business to include "Acquisition of a 2.5 acre parcel (the "Property") out of a 459.98 tract". Vice-President Dwyer seconded the motion. Upon a vote being called, the motion carried by unanimous decision.**

**The fifth order of business was Presentation of the General Manager's Report – Alan Cockerell, General Manager.**

General Manager Alan Cockerell's written report was included in the board agenda packets. He added the following items to his written report:

- **Water Production**  
Seasonal pumping and monthly water sales charts were included in the board agenda packets. Water production for the month of March 2011 was at 63.7% of Gonzales County Underground Water Conservation District's (GCUWCD) monthly allowable.
- **GCUWCD**  
General Manager Cockerell attended the monthly meeting on April 12, 2011. A copy of the agenda along with financial statements for the Western Mitigation Fund was handed out to board members. Mr. Cockerell called attention to the enclosed documents which include information on the Western Mitigation Fund; noting the balance and latest expenses.

The district approved Judge Vay as the hearing examiner for the CRWA, HCPUA and TWA permit applications. Mr. David McMullin was hired as the well mitigation manager. His start date is May 1<sup>st</sup> with an annual salary of \$45,000.

- **Guadalupe County Groundwater Conservation District (GCGCD)**  
No GCGCD meeting during the month of April 2011.
- **Region L**  
The next meeting is scheduled for May 5<sup>th</sup>. Mr. Cockerell stated that he plans to attend this meeting. Included in the board agenda packets was a draft of the brief statement he will make. He stated that his comment will address the formation of the Cibolo Valley Local Government Corporation (CVLGC) and that they will work together with SSLGC; CVLGC will not replace SSLGC. He will also address that SSLGC and CVLGC request that the "Regional Carrizo/Brackish Wilcox SSLGC Expansion" Water Management Strategy become a recommended strategy in the Fourth Cycle of Regional Water Planning.

A letter from Texas Water Development Board (TWDB) was enclosed in the board packet. This letter was in response to a request from Mike Mahoney, Administrator Groundwater Management Area (GMA) 13, and is requesting postponement of the TWDB's review of the petition filed by Canyon Regional Water Authority (CRWA). Vice-President Dwyer asked what the intent and progress was regarding the request. Mr. Cockerell stated that the letter indicates that there would be mediation to attempt to resolve the issues. Pending notification from the parties that a resolution has been reached, the TWDB will not begin a review of the claims presented in the petitions until June 6, 2011

**The sixth order of business was Legislative Update – Jack Fickessen, Legislative Consultant.**

Included in the agenda packet is an update report of bills concerning water legislation in the 82<sup>nd</sup> Legislature. Mr. Cockerell distributed an updated version to the Board. Mr. Fickessen was not able to attend the board meeting.

Mr. Cockerell stated that there is some activity regarding S.B. 727 – Relating to groundwater conservation district management plans. He stated that there have been some changes proposed regarding the management plans and how they are handled by the district with a move toward consolidation versus having individual district management plans.

Regarding SB 737, Mr. Cockerell stated that the proposal includes a change from “managed” available groundwater to “modeled” available groundwater for the term MAG. In addition, current law requires GCDs to issue permits up to the MAG. S.B. 737 amends the definition of “modeled available groundwater” so that the term describes the total amount of groundwater that may be produced to achieve a DFC (as opposed to the amount of groundwater that may be permitted). It requires that the MAG take into account exempt groundwater use, not just permitted use.

Mr. Cockerell stated that Mr. Fickessen advised that things are moving quickly in the Legislature and he will keep SSLGC informed as best possible.

**The seventh order of business was RFP by ELK Engineering associates, Inc. for Close Interval Potential Survey (CIPS) – Alan Cockerell, General Manager and John Winkler, Walker Partners**

Mr. Cockerell reminded the Board that this survey was recommended by Hanson Pipe, the manufacturer of this pipe, when it was installed. He stated that there was a request for bid this past summer for this CIPS with no response. Mr. Cockerell stated that the issue is SSLGC’s pipelines run parallel to some petroleum pipelines; they run current through those petroleum pipelines as protection. He stated that there is concern that there may be stray current(s) that are entering our pipeline that could cause corrosion of the metal in the pipeline. Mr. Cockerell stated that Mr. Winkler corresponded with Hanson Pipe for recommendations; they recommended ELK Engineering located in the Dallas/Fort Worth Area.

Mr. Cockerell stated that Elk Engineering Associates quoted the amount of \$51,282 for the CIPS. He advised that the original budgeted amount was \$40,000 and added that there was the additional \$11,282 available in the Repair and Maintenance budget. Mr. Cockerell stated that initially there was an amount included in the Repair and Maintenance (pump maintenance) budget to allow for replacement of original pumps with stainless steel pumps. As he advised the Board, this expense was also included in the Construction Contract, leaving the surplus in the Repair and Maintenance budget. Mr. Cockerell stated that if the Board approves the award of this contract to Elk Engineering Associates, he can do an internal budget adjustment for the \$11,282.

Included in the packet is a letter of recommendation from Mr. Winkler to award of the CIPS contract to Elk Engineering Associates of Fort Worth. Mr. Cockerell agreed and recommended the Board approve the RFP by Elk Engineering Associates to award the Contract XI, Close Potential Survey and allow for the transfer of funds.

**Vice-President Dwyer made a motion to accept the RFP with Elk Engineering Associates and to allow for the transfer of the additional funds necessary to satisfy the budget from the Repair and Maintenance (pump maintenance) budget. Treasurer Andrew Koenig seconded the motion. Upon a vote being called, the motion carried by unanimous decision.**

**The eighth order of business was Gonzales County Expansion Project – Alan Cockerell, General Manager.**

Mr. Cockerell stated that a construction update meeting was held with Harris Road Company on March 30, 2011; road and pipeline construction is on schedule. Mr. Cockerell added the following comments:

- Construction of collection lines continues. The contractor is working with SSLGC operators to fill, test flush and disinfect lines as well capacity is available.
- Harris Road Company is on schedule for construction of access roads to the plant and wells.
- Weisenger Incorporated has completed drilling Well #11. Development of the well has begun with the pumping test anticipated before the end of the month.
- Pumps and wellheads have been ordered; extended lead time is necessary for stainless steel. Anticipated arrival of material is May.
- SSLGC is working with GVEC to provide electrical service to each well location.
- A construction update is scheduled for April 28, 2011.

**The ninth order of business was Award Contract for three Storage Tanks in both Gonzales County and Guadalupe County – Alan Cockerell, General Manager and John Winkler, Walker Partners.**

Mr. Cockerell stated that a bid opening for construction of three new storage tanks was conducted on April 7, 2011. Included in the board packet is recommendation letter and bid tabulation from John Winkler. Mr. Cockerell advised that Staff recommends awarding the construction contract to the lowest bid submitted by Preload, Inc. in the amount of \$5,898,261.00.

**Vice-President Dwyer made a motion to approve the bid of Preload, Inc. for \$5,898, 261.00. Treasurer Andrew Koenig seconded the motion. Upon a vote being called, the motion carried by unanimous decision.**

**The tenth order of business was Modified Excess Water Purchase Agreement – Alan Cockerell, General Manager.**

President Greenwald deferred agenda item ten to Executive Session.

**The eleventh order of business was Amendment Number One to Wholesale Water Contract with City of Converse - Patrick Lindner, General Counsel**

Mr. Cockerell reminded the Board that SSLGC approved a wholesale water contract with City of Converse. He advised that in the contract it is stated that City of Converse had eight months to construct the delivery point; after eight months the City of Converse would be responsible for beginning their payments as a take or pay plan. Mr. Cockerell stated that the City of Converse has requested to modify the time frame from eight months to fourteen months. He advised the Board that City of Converse has incurred issues acquiring the properties. Mr. Cockerell said that the contract stated in the event City of Converse is to acquire the property through eminent domain, the payments can be delayed during that process. Mr. Lindner stated that the City of Converse favors acquiring the property without being forced to use eminent domain thus the reason for the request for additional time.

**Vice-President Dwyer made a motion to approve Amendment Number One to the Wholesale Water Contract. Treasurer Andrew Koenig seconded the motion. Upon a vote being called, the motion carried by unanimous decision.**

**The twelfth order of business was Cibolo Valley Local Government Corporation Update – Crockett Camp.**

Mr. Camp stated that the Cibolo Valley Local Government Corporation (CVLGC) meeting is scheduled for April 28, 2011. He explained that this is a local government corporation that is being formed included are the cities of Schertz, Seguin, Cibolo, Converse and Selma. Mr. Camp advised that the focus of CVLGC is to develop new water supplies; stating that it is in the formative stages. He added that SSLGC will be acting in the role of management of CVLGC. Mr. Camp stated that the two entities will be closely connected by contract.

Mr. Cockerell stated that a copy of the agenda for the CVLGC meeting was included in the board packet.

**The thirteenth order of business was Acquisition of a 2.5 acre parcel (the "Property") out of a 459.98 acre tract of land in the George W. Davis Survey, A-115 and the James Alley Survey, A-44, in Guadalupe County, Texas, titled in the name of Walter E. Koepp.**

President Greenwald deferred agenda item thirteen to Executive Session.

Mr. Cockerell stated that he was waiting on a return phone call from James Frost regarding a counter offer that was presented.

**The fourteenth order of business was Gonzales County Water Leases – Alan Cockerell, General Manager.**

President Greenwald deferred agenda item fourteen to Executive Session.

*President Greenwald closed General Session at 2:10 p.m.*

**The fifteenth order of business was Executive Session called under Chapter 551 Government Code, Section 551.071, to seek the advice of its attorney on legal matters, and Section 551.072, for deliberations regarding real estate.**

*President Greenwald opened Executive Session at 2:25 p.m.*

*Executive Session was held from 2:25 p.m. to 3:00 p.m.*

**The sixteenth order of business was Consider and Take Action as Result of Agenda Item Number Fifteen.**

*President Greenwald reopened General Session at 3:00 p.m.*

As a result of Executive Session:

**Agenda Item # 10**

Mr. Lindner requested a motion to authorize and approve an Excess Water Purchase Agreement with Rambar that contained the recommended conditions made by Special Counsel, Bill Knobles, including the \$1.00 price per foot of depth and the binding arbitration clause in the event of a dispute.

**Vice-President Dwyer made a motion to approve the Modified Excess Water Purchase Agreement with Rambar. Treasurer Andrew Koenig seconded the motion. Upon a vote being called, the motion carried by unanimous decision.**

**Agenda Item # 13**

Mr. Lindner recommended that the Board authorize the purchase of the 2.5 acre parcel out of a 459.98 acre tract of land in the amount up to \$31,900 based upon advice of Special Counsel, James Frost.

**Vice-President Dwyer made a motion to approve the purchase of the 2.5 acre parcel belonging to Walter Koepp in the amount of \$31,900. Treasurer Andrew Koenig seconded the motion. Upon a vote being called, the motion carried by unanimous decision.**

**Agenda Item # 14**

Mr. Lindner requested a motion to authorize the General Manager, Mr. Cockerell, to enter into a water lease in Gonzales County with the Nichols Family with payment based upon actual

production and not the allowable and offer an option payment up to the amount recommended by Mr. Cockerell during Executive Session.

**Vice-President Dwyer made a motion to approve the Water Lease with the Nichols Family for 569.1 acres including provisions and an option payment up to the maximum amount recommended by Mr. Cockerell. Treasurer Andrew Koenig seconded the motion. Upon a vote being called, the motion carried by unanimous decision.**

Mayor Baldwin asked if the Nichols Family Lease was the first one to be based on this concept and if the intended goal was for SSLGC to eventually have all Water Leases structured in this manner. He also asked if the intention would be to eliminate leased properties that have become unnecessary. President Greenwald answered in the affirmative to all questions from Mayor Baldwin. Mr. Lindner added that with this option SSLGC has time to decide which leases to maintain.

Mr. Cockerell stated that option payments will come from Future Development Funds.

**The seventeenth order of business was Consideration and/or Action on Questions and Possible Items to be placed on the Next Agenda.**

Mr. Cockerell stated that the next SSLGC Board Meeting is scheduled for Thursday, May 19, 2011 in Schertz.

Mr. Cockerell stated that there would be a presentation at the next Board Meeting honoring Mr. Wolverton's service.

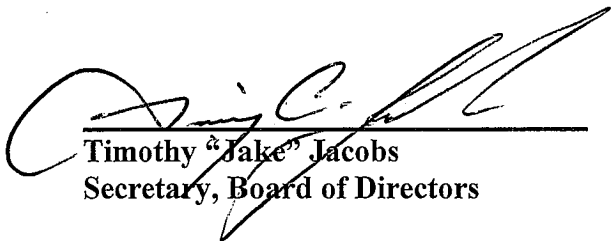
No additional discussion was held.

The next regular board meeting was scheduled May 19, 2011, at 1:30 p.m. in Schertz, Texas.

**The eighteenth order of business was Adjournment.**

President Greenwald declared the meeting adjourned at 3:07 p.m.

**MINUTES APPROVED THIS 19<sup>th</sup> DAY OF MAY, 2011.**

  
Timothy "Jake" Jacobs  
Secretary, Board of Directors